

Country of Origin Labeling Testimony

to the

House Committee on Agriculture

The Honorable Bob Goodlatte, Chairman

Presented by

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July 26, 2003

Mr. Chairman and Members of the Committee, I am Eric Davis, President of the National Cattlemen's Beef Association. I am a rancher and feeder from Bruneau, Idaho. I am pleased to be here with you today to discuss Country of Origin Labeling, an issue that has been before this Committee on numerous occasions.

Perhaps no issue in recent memory has stirred the passions of beef producers more than country of origin labeling—for good reason. We are a proud lot and proud of the beef we produce. Therefore, labeling and promoting our product, especially US beef, is an easy argument to win when talking to ranchers. If labeling product is so popular, why all the discord?

Members of the Committee, the ongoing debate of country of origin labeling is not about the merits of labeling, but rather how to provide country of origin labeling information to the consumer in a way that does not cause producers pain.

Since the day NCBA adopted policy supporting country of origin labeling, we and other groups, organizations and producers have struggled with it. Our policy has evolved over time from one brief statement of support for labeling, to a finely detailed description. We have tried to strike a balance between the demands of producers and the reality of cattle and beef production, marketing, and distribution.

My predecessors have sat before this committee and received in depth questions about the pros and cons, the costs and benefits, and the potential unintended consequences of country of origin labeling. We have been praised by Members of the Committee, and occasionally excoriated.

In 1999, our President, George W. Bush sat before then Livestock and Horticulture Chairman Pombo and Mr. Peterson, and presented testimony consistent with the labeling legislation that had passed the Senate but was stricken in conference in 1998. The USDA under President Clinton testified that there would be “some kind of paperwork trace-back system” and that “monitoring through private, third party certifiers” were possibilities. Producers were advised during this hearing by Chairman Pombo that not “enough thought put into what the actual impact” is on producers. Mr. Peterson worried that the law might end up putting a “ton of paperwork” and a burden on “people it should not be put on.” NCBA and those organizations at that hearing were urged to work to develop a voluntary, consensus approach to the country of origin labeling. We did.

In January 2000, a General Accounting Office study, written at the request of this committee, stated that “U.S. producers could be required to track and maintain detailed records of the movements of their livestock and have controls in place to ensure the accuracy of this information.” A USDA study, mandated by Congress, was published in January 2000. This study stated that “Country of Origin Labeling is certain to impose at least some costs on an industry which will either be passed back to producers in the form of lower prices or forward to consumers in the form of higher prices.”

These two studies spurred the National Cattlemen’s Beef Association, American Farm Bureau Federation, National Farmers Union, American Meat Institute, Food Marketing Institute, National Meat Association and American Sheep Industry Association to negotiate a voluntary program which was submitted to USDA. Incidentally, the NFU did not join us on that petition, but since that time, NCBA members have changed our policy to be in line with the position held by NFU at the time.

Unfortunately, the Clinton administration did not act on the petition and the Bush administration’s action were quickly overtaken by farm bill events.

During the markup of the House version of the farm bill in July 2001, this Committee endured a 6 hour debate on the topic. Fully 25% of the markup record is related to this topic alone. During this markup, USDA attested that the law would be “records intensive”, “complex,” and that it would entail being able to “trace records back to level of production.” Members of this Committee during the 107th Congress will surely recollect the markup. I recommend that new members of this Committee avail themselves to this markup record to better understand the record on this issue.

During the Farm Bill Conference in the Spring of 2002, House conferees worked to answer significant questions about country of origin labeling before the law passed. But many of the difficult questions remained unanswered in the conference. Statements by Senate conferees intentionally left many difficult issues to the department. Judging by the conference proceedings, the only clear intent of Congress was to leave many difficult questions to USDA.

The current country of origin labeling law was never fully analyzed and no hearing was held on the impact or interpretation of its provisions. Nonetheless, Congress has held many hearings and investigations on country of origin labeling generally, and this record suggests that this law is turning out as many predicted—problematic. The provisions of the current law simply ignore many years of collective knowledge and debate on the subject.

As a result, USDA has had to make some tough decisions that may appear arbitrary, unnecessarily bureaucratic, and costly. These decisions and the implementation guidelines that USDA has released are creating concern for producers. Several issues of concerns include:

- the inability for producers to self-certify the origin of livestock;
- requirements that US producers document where animal was born, raised and processed;
- statements by packers and retailers that they will require more information from producers than the law requires;
- the manner in which USDA is interpreting the statute.

The Committee has heard testimony this morning from USDA outlining the country of origin labeling program and the reasons that the department is taking the approach they have chosen. There are clearly easier and less costly ways to implement a country of origin labeling program other than what is contained in the statute. The challenge for USDA and this Committee is to determine if alternative methods of implementation are allowed under the current statute. If the current statute allows alternative implementation guidelines, then we are committed, through rulemaking, to working with USDA to implement the law in less burdensome manner. If, however, the statute does not allow other alternatives, then we must either change the law or live with its consequences. Clearly, the testimony given today and the frustration felt by all producers on USDA's current thinking demonstrates that living with the law as outlined by USDA is not acceptable.

The petition submitted to USDA and to this Committee in September 2000 still represents a manner that could be employed to implement a country of origin labeling program that would benefit producers and consumers. Our policy today supports Country of Origin labeling that is voluntary and industry and producer led and we are hopeful that this approach could be used as a model for any modifications to the statute.

I would like to conclude my testimony with the following comments:

The National Cattlemen's Beef Association supports country of origin labeling. We want producers to be able to market and promote US beef. After all the hearings, all the discussion, all the debate, all the acrimony, and all the USDA listening sessions, we believe our approach of a voluntary, producer led effort offers the greatest opportunity to benefit producers because it avoids the costly mandates of the current law.

I would be happy to take your questions.